

Long Term C

LONG-TERM HOG PROCUREMENT AGREEMENT

Hormel Foods Corporation
1 Hormel Place
Austin, MN 55912-3680
Attn: [REDACTED]
Phone: (507) 437-[REDACTED]
Fax: (507) 437-5167

and [REDACTED]

("HFC")

1. **TERM / VOLUME.**

- (a) HFC agrees to purchase and [REDACTED] agrees to sell market hog production from facilities to be constructed and/or operated by [REDACTED] as further provided herein. [REDACTED] agreement to sell and HFC's agreement to purchase [REDACTED] market hog production shall be in three phases which follows [REDACTED] project plan and which is as follows:
- (1) Phase One shall commence upon the execution of this Agreement. During Phase One, [REDACTED] shall construct and operate the equivalent production capacity of [REDACTED] sow Sow Facilities (a "Sow Facility" is inclusive of all necessary sow farms, nursery, and finishing facilities) producing some [REDACTED] market hogs per year.
 - (2) Phase Two shall commence upon the extension of this Agreement as provided below. During Phase Two, [REDACTED] shall construct and operate the equivalent production capacity of [REDACTED] sow Sow Facilities producing some [REDACTED] market hogs per year.
 - (3) Phase Three shall commence upon the extension of this Agreement as provided below. During Phase Three, [REDACTED] shall construct and operate the equivalent production capacity of [REDACTED] sow Sow Facilities producing some [REDACTED] market hog per year.
- (b) During each phase, [REDACTED] agrees to sell to HFC and HFC agrees to purchase from [REDACTED] the market hog production from each facility constructed for a period of ten (10) years commencing with the start of swine production from each respective increment of [REDACTED] sows. [REDACTED] shall be required to maintain at least [REDACTED] sows per Sow Facility and deliver to HFC [REDACTED] acceptable market hogs (as defined below) per [REDACTED] sows per year based on each twelve (12) month period commencing [REDACTED]
- (c) It is the present intention of the parties that all three phases will be completed; however, both HFC and [REDACTED] must mutually agree in writing to extend this Procurement Agreement to either Phase Two or Phase Three. In order to extend this Agreement, [REDACTED] shall give sixty (60) days' advance written notice of its intention to extend this Agreement to a subsequent phase to HFC. HFC, on or before the expiration of the sixty (60) day period, shall respond to [REDACTED] in writing. If HFC does not consent to an extension, then this Agreement shall continue to apply only to the remaining term of the phases previously entered into by the parties.
- (d) Due to a concern that at the end of ten (10) years the supply of hogs from [REDACTED] to HFC will begin to reduce in numbers, both parties hereby agree to negotiate in good faith for an